GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:828
ANSWERED ON:04.03.2005
REGISTRATION OF DEALERS UNDER VAT
Mandlik Shri Sadashivrao Dadoba;Singh Shri Kirti Vardhan

Will the Minister of FINANCE be pleased to state:

(a) whether it is mandatory for dealers with turnover of over Rs. 5 lakh to register themselves;

(b) if so, the details thereof;

(c) the criteria for registration of dealers under VAT;

(d) the names of the items that will be kept outside VAT; and

(e) the steps taken by the Government so that the prices of goods may not increase after the implementation of VAT in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a), (b) and (c): VAT is a State level tax reform measure. As per the decision of the Empowered Committee of State Finance Ministers, registration of dealers with gross annual turnover above Rs.5 lakh will be compulsory under the Value Added Tax (VAT) regime. There will be provisions for voluntary registration also. All existing dealers will be automatically registered under VAT Act. A new dealer will be allowed 30 days time from the date of liability to get registered.

(d): The goods which will be outside VAT will be liquor, lottery tickets, petrol, diesel, Aviation Turbine Fuel and other motor spirits.

(e): Under the VAT regime, cascading of taxes is eliminated by providing input tax credit leading to less tax burden, which means VAT should not lead to increase in prices. This is also corroborated by the international experience. Moreover, the Empowered Committee of State Finance Ministers has also decided that after the introduction of VAT, each State should set up a VAT Cell, inter-alia, to monitor price movements of goods.